PLEASANT HILL RECREATION AND PARK DISTRICT

PLEASANT HILL, CALIFORNIA

BASIC FINANCIAL REPORT

JUNE 30, 2013

PLEASANT HILL RECREATION AND PARK DISTRICT

Basic Financial Statements
June 30, 2013

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PLEASANT HILL RECREATION AND PARK DISTRICT

Board of Directors
June 30, 2013

NAME	TITLE
Bobby Glover	Chair
Sherry Sterrett	Vice Chair
Sandra Bonato	Secretary
Zac Shess	Member
Dennis Donaghu	Member

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pleasant Hill Recreation and Park District
Pleasant Hill, California

We have audited the accompanying financial statements of the governmental activities of each major fund, and the aggregate remaining fund information of the Pleasant Hill Recreation and Park District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board of Directors
Pleasant Hill Recreation and Park District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pleasant Hill Recreation and Park District as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and 33, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Fechter & Company, Certified Public Accountants

Sacramento, CA
December 4, 2013

PLEASANT HILL RECREATION AND PARK DISTRICT

Management Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2013

Pleasant Hill Recreation and Park District's (the "District") Management Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's basic financial statements.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts: management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District, which report the District's operation in more detail than the government-wide statements.

The fund financial statements are composed of:

- Governmental fund statements which tell how basic services were financed in the short-term, as well as what remains for future spending.

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and Statement of Activities report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position as well as changes to the net position. Net position is the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. To assess the overall health of the District, you need to consider additional non-financial factors including the condition of the District's buildings and other facilities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statement

The fund financial statements provide more detailed information about the District's most significant funds; not the District as a whole. Funds are accounting devices for District use to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by law and covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that certain revenues have been properly used.

Governmental Funds

The District's basic services are reported in governmental funds, which generally focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash, and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of fund information, which helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following table summarizes the District's Net Position as of June 30,

Table 1
Net Position

	2013	2012
Assets:		
Current and other assets	$ 11,206,096	$ 20,316,104
Capital assets and bond issuance costs	32,342,205	21,687,444
Total assets	43,548,301	42,003,548
Liabilities:		
Other liabilities	2,640,304	2,648,137
Long-term liabilities	31,076,543	30,661,696
Total liabilities	33,716,847	33,309,833
Net Position:		
Invested in capital assets, net of related debt	720,417	(8,696,666)
Restricted	7,798,189	17,537,357
Unrestricted	1,312,848	(146,976)
Total net position	$ 9,831,454	$ 8,693,715

The District's net position was $9,831,454 for the fiscal year ended June 30, 2013. Of this amount, $1,312,848 was unrestricted. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the board's ability to use those net assets for day-to-day operations.

The following table summarizes the District's change in net position for the year ended June 30, 2013

Table 2
Changes in Net Position

	2013	2012
Expenses:		
Recreation and parks	$ 5,853,114	$ 5,860,413
Interest expense	1,291,840	1,044,636
Total expenses	7,144,953	6,905,049
Revenues:		
Program revenues:		
Charges for services	3,049,250	2,402,649
Total program revenues	3,049,250	2,402,649
General revenues:		
Property taxes	5,044,109	4,735,543
Interest and other income	189,333	64,854
Total general revenues	5,233,442	4,800,397
Total revenue	8,282,693	7,203,046
Change in net position	$ 1,137,739	$ 297,997

Government Activities

For the 2013 fiscal year, the total District revenues were $8,282,693 and the total District expenses were $7,144,954. The difference of $1,137,739 is the change in net position bringing the total net assets to $9,831,454 on June 30, 2013. The main sources of revenue for the District are charges for services and property taxes. The cost of all governmental activities was $7,144,954 this year. District taxpayers ultimately financed $5,044,109 for these activities through local taxes and assessments. The increase in property tax revenues and interest expense are due to the Measure E property tax and related debt service.

Capital Assets

At June 30, 2013, the District had $31,539,294 in a broad range of capital assets, including land, buildings and furniture and equipment. The District uses $5,000 as its capitalization threshold.

Table 3
Capital Assets at Year End

	2013	2012
Land	$ 6,638,913	$ 6,638,913
Construction in progress	7,927,548	12,041,139
Land and park improvements	5,831,511	5,647,363
Building and structure	15,796,130	1,899,097
Swimming pool	1,585,804	1,585,804
Furniture and equipment	1,406,113	940,849
Accumulated depreciation	(7,646,724)	(7,065,721)
Net capital assets	$ 31,539,295	$ 21,687,444

Debt Administration

The District made all scheduled repayments of existing debt. Each of the District's debt issues is discussed in detail in Note 4 to the basic financial statements. As of June 30, 2013, the District's debt comprised:

General Obligation Bond – Measure E	$ 27,300,000
Certificates of Participation	2,215,000
Total	$ 29,515,000

General Fund Budgetary Highlights

The Board of Directors continued their emphasis on increasing the District's General Reserves. Fiscal year 2011-12 reflected the first positive reserve numbers in four years. Fiscal year 2012-13 will also show another positive general fund balance year and thereby increasing the General Reserves for a second year in a row.

The Board of Directors agreed upon the following as District priorities and directed the General Manager to incorporate the priorities into FY 2012-13:

The Pleasant Hill Recreation and Park District Board of Directors met on a number of occasions to review and analyze District revenue and expenditures. The meetings generated a list of projects, needed repairs to District facilities, and future program ideas. The Board agreed upon the following as District priorities and directed the General Manager to incorporate the priorities into fiscal year 2012-2013 budget:

1. Employees – an additional 2.75% increase was contributed by the employees in the Public Employees Retirement System. This increase along with last year's 1.5% contribution brings the employees total to 4.25%. The employees have agreed to another contribution of 2.75% for fiscal year 2013-14 that will complete the individual employee's share of 7%. The Board agreed to a 2% cost of living adjustment for employees.

2. Continued efforts in Marketing, Promotions, and District Website – The Board of Directors continued emphasis on the importance of marketing District programs and directed staff to investigate new ways to promote the District.
3. Establishment of a new department entitled "Building Maintenance" in response to the new buildings.
4. Capital expenditures for this next fiscal year include: FF&E items for the new Senior, Teen and Community Centers, costs to complete new bocce courts at PH Park, tennis court resurfacing at PH Middle School and College Park High School, drainage repairs for bocce courts at Rodgers Smith Park, purchase of chlorine tanks at PH Aquatic Park, and a replacement truck for Park Maintenance.

The Measure E Bond Projects continued with Grand Openings of the Teen Center in October and the Senior Center opened in January, 2013. The Community Center started construction in August and will be completed in the winter of 2013. Pleasant Oaks Park construction began in May and will be completed in January of 2014. We are very pleased with the progress of these important and essential new recreation facilities for our community. The Bond Oversight Committee continued their review of the Bond expenditures and gave the District clean reports on the project expenses.

Personnel and employee issues include, as outlined above, additional contributions by employees toward their retirement. The Board agreed not to have additional furlough days or further reductions in health coverage. The District had four full-time employees either leave or retire during the last fiscal year and their positions have not been replaced. Major responsibilities and duties were absorbed by current staff.

This budget reflects the addition of the Senior Center and Teen Center half-way through the fiscal year. With the Community Center closed, the District continues to house programs at the Winslow Center and other sites throughout the District. The plan is to utilize the newly completed Senior Center and Teen Center for some additional recreational programming until the Community Center is complete.

The Strategic Business Plan Committee was formulated with members from the Board of Directors and staff to recommend both long term and short term goals for the District. The committee has been meeting twice a month to review all operations and maintenance, recreation programming, and facilities of the District.

Contacting the District Financial Management

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, contact the General Manager, Pleasant Hill Recreation and Park District, 147 Gregory Lane, Pleasant Hill, California 94523.

PLEASANT HILL RECREATION AND PARK DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS		
Cash and investments	$	11,058,934
Restricted cash		
Accounts receivable		135,085
Prepaid items		12,077
Bond issuance costs, net		802,911
Non-depreciable capital assets		14,566,461
Depreciable capital assets, net		16,972,833
Total Assets		43,548,301
LIABILITIES		
Accounts payable		1,752,456
Accrued payroll		8,692
Deferred revenue		445,622
Accrued interest		433,534
Long-term debt:		
Due within one year		362,696
Due after one year		30,456,181
Compensated absences		257,666
Total long-term liabilities		31,076,543
Total Liabilities		33,716,847
NET POSITION		
Invested in capital assets, net of related debt		720,417
Restricted for:		
Debt service		1,115,512
Measure E		6,682,679
Unrestricted		1,312,846
Net Position	$	9,831,454

The accompanying notes are an integral part of these financial statements

PLEASANT HILL RECREATION AND PARK DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Net (Expense) Revenue and Change in Net Assets
Governmental Activities:					
Administration	$ 344,111	$ 818,286	$ -	$ -	$ 474,175
Recreation	331,022	-	-	-	(331,022)
Senior citizens	626,431	352,609	-	-	(273,822)
Winslow center	52,728	27,283	-	-	(25,445)
Community center rental	176,849	-	-	-	(176,849)
Adult activities	140,508	174,124	-	-	33,616
Athletics & teens	636,231	577,636	-	-	(58,595)
Preschool, youth, & special	342,602	448,106	-	-	105,504
Child care	256,781	284,874	-	-	28,093
Aquatics	633,969	366,332	-	-	(267,637)
Communications	195,232	-	-	-	(195,232)
Parks	1,202,328	-	-	-	(1,202,328)
Maintenance	306,121	-	-	-	(306,121)
Interest and fees	1,322,180	-	-	-	(1,322,180)
Depreciation expense	577,860	-	-	-	(577,860)
Total Governmental Activities	$ 7,144,953	$ 3,049,250	$ -	$ -	(4,095,703)

General Revenues:	
Taxes	5,044,109
Use of money and property	39,333
Miscellaneous	150,000
Total general revenues	5,233,442
Change in net position	1,137,739
Net position at beginning of fiscal year	8,693,715
Net position at end of fiscal year	$ 9,831,454

The accompanying notes are an integral part of these financial statements

PLEASANT HILL RECREATION AND PARK DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013

	General Fund	Landscape Fund	Measure E Project Fund	Measure E Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	$ 1,088,755	$ 697,229	$ -	$ -	$ 306,832	$ 2,092,816
Restricted cash	215,189	-	7,850,606	900,323	-	8,966,118
Accounts receivable	135,085	-	-	-	-	135,085
Due from other funds	585,140	-	65,408	-	44,317	694,865
Prepaid items	12,077	-	-	-	-	12,077
Total Assets	$ 2,036,246	$697,229	$ 7,916,014	$ 900,323	$ 351,149	$ 11,900,961
LIABILITIES						
Accounts payable	$ 484,680	$ -	$ 1,233,335	$ -	$ 14,804	$ 1,732,819
Accrued payroll	8,692	-	-	-	-	8,692
Deferred revenue	445,622	-	-	-	-	445,622
Due to other funds	-	622,062	-	-	72,803	694,865
Other liabilities	19,637	-	-	-	-	19,637
Total Liabilities	958,631	622,062	1,233,335	-	87,607	2,901,635
FUND BALANCES						
Restricted	215,189	-	6,682,679	900,323	-	7,798,191
Nonspendable for prepaids	12,077	-	-	-	-	12,077
Assigned for:						
Special revenue funds	-	75,167	-	-	263,542	338,709
Unassigned	850,349	-	-	-	-	850,349
Total fund balances	1,077,615	75,167	6,682,679	900,323	263,542	8,999,326
Total liabilities and fund balances	$ 2,036,246	$ 697,229	$ 7,916,014	$ 900,323	$ 351,149	$ 11,900,961

The accompanying notes are an integral part of these financial statements

PLEASANT HILL RECREATION AND PARK DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
AS OF JUNE 30, 2013

Fund Balances of Governmental Funds	$	8,999,326
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.		31,539,294
Bond issue costs, net, related to the general obligation advanced refunding issue are not financial resources and, therefore, are not reported in the funds.		802,911
Some liabilities, including long-term debt, compensated absences and accrued interest are not due and payable in the current period and therefore are not reported in the funds.		(31,510,077)
Net position of governmental activities	$	9,831,454

The accompanying notes are an integral part of these financial statements

PLEASANT HILL RECREATION AND PARK DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Landscape Fund	Measure E Project Fund	Measure E Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	$ 3,472,245	$ 18,189	$ -	$ 1,505,559	$ 48,116	$ 5,044,109
Non-recreation	460,935	-	-	-	7,028	467,963
Senior citizens	352,609	-	-	-	-	352,609
Winslow center	27,283	-	-	-	-	27,283
Community center rental	-	-	-	-	-	-
Adult activities	174,124	-	-	-	-	174,124
Athletics & teens	577,636	-	-	-	-	577,636
Preschool, youth, & special	448,106	-	-	-	-	448,106
Child care	284,874	-	-	-	-	284,874
Aquatics	366,332	-	-	-	-	366,332
Interest	2,828	-	35,887	-	618	39,333
Miscellaneous	-	-	150,000	-	-	150,000
Total Revenues	6,166,972	18,189	185,887	1,505,559	55,762	7,932,369
Expenditures						
Administration	322,907	-	-	-	-	322,907
Recreation	331,022	-	-	-	-	331,022
Senior citizens	626,431	-	-	-	-	626,431
Winslow center	52,728	-	-	-	-	52,728
Community center rental	176,849	-	-	-	-	176,849
Adult activities	140,508	-	-	-	-	140,508
Athletics & teens	636,231	-	-	-	-	636,231
Preschool, youth, & special	342,602	-	-	-	-	342,602
Child care	256,781	-	-	-	-	256,781
Aquatics	633,969	-	-	-	-	633,969
Communications	195,232	-	-	-	-	195,232
Parks	1,119,812	-	-	-	82,517	1,202,329
Maintenance	306,121	-	-	-	-	306,121
Capital outlay	737,185	-	9,695,668	-	-	10,432,853
Debt service:						
Principal	90,000	-	-	575,000	-	665,000
Interest	128,680	-	-	1,159,944	-	1,288,624
Total Expenditures	6,097,058	-	9,695,668	1,734,944	82,517	17,610,187
Excess (Deficit) of Revenues Over (Under) Expenditures	69,914	18,189	(9,509,781)	(229,385)	(26,755)	(9,677,818)
Other Financing Sources (Uses)						
Proceeds on long-term debt	300,000	-	-	-	-	300,000
Proceeds from fixed asset sale	350,323	-	-	-	-	350,323
Transfers in	200,000	-	-	-	28,357	228,357
Transfers out	(28,357)	-	-	-	(200,000)	(228,357)
Total Other Financing Sources (Uses)	821,966	-	-	-	(171,643)	650,323
Net change in Fund Balances	891,880	18,189	(9,509,781)	(229,385)	(198,398)	(9,027,495)
Fund Balances, beginning of period	185,735	56,978	16,192,460	1,129,708	461,940	18,026,821
Fund Balances, end of period	$ 1,077,615	$ 75,167	$ 6,682,679	$ 900,323	$ 263,542	$ 8,999,326

The accompanying notes are an integral part of these financial statements

PLEASANT HILL RECREATION AND PARK DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Net Change in Fund Balances - Total Governmental Funds	$ (9,027,495)
Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities. The costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:	
Cost of assets capitalized	10,432,853
Depreciation expense	(581,003)
Loan proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond prinicpal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities	(300,000)
Interest accrued on long-term debt is reported as an expenditure in the government-wide financial statements but not in the fund financial statements	(33,556)
Repayments of long-term debt and capital leases are reported as an expense in the fund financial statements but as a reduction of debt in the statement of net assets	665,000
Amortization of bond issuance costs is reported as an expense on the statement of activities	3,143
Changes in long-term compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds	(21,203)
Change in net position of governmental activities	$ 1,137,739

The accompanying notes are an integral part of these financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Description

The Pleasant Hill Recreation and Park District (the "District") was formed January 22, 1951, under the laws of the State of California Public Resources Division 5, Chapter 4, Section 5780. The District is governed by a board of five elected directors who hold regularly scheduled meetings twice a month.

The District offers a wide variety of recreational activities for persons of all ages, from preschoolers to senior citizens. Some of the major activities include: a wide range of aquatic programs, varied cooking classes, adult and youth sports programs, dance classes, special events, excursions, fitness classes, special interest classes, and many other types of classes and activities for one's leisure time. Along with these activities, the District also sponsors over fifteen special clubs and organizations, such as the Camera Club, Garden Club, Hiking Club, Las Juntas Artists, Tennis Club and others for public participation and enjoyment.

To facilitate this wide range of recreational activities, the District has over 250 acres of park-lands including: thirteen park sites, three pools, a community center facility, a senior citizens' complex, a cultural center, and many joint efforts with the local school district at various local school sites.

B. Reporting Entity

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2013, the District does not have any component units and is not a component unit of any other reporting entity.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. Accounting Principles

The District accounts for its financial transactions in accordance with the policies and procedures recommended by the State of California. The accounting policies of the District conform to U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

(a) Government-wide and Fund Financial Statements:

The government-wide financial statements (the statement of net position and the statement of activities) report on the District as a whole. The statement of activities demonstrates the degree to which the direct expenses of the District's functions are offset by program revenues. *Direct expenses* are those that are clearly identifiable with the District's functions. *Program revenues* include charges for services, which are mainly from park and recreation fees. Other items not properly included among program revenues are reported instead as *general revenues.* Separate financial statements are provided for the governmental fund of the District (balance sheet and the statement of revenues, expenditures and changes in fund balances).

(b) Measurement Focus, Basis of Accounting and Financial Statement Presentation:

Government-wide Financial Statements
The statement of net position and the statement of activities are prepared using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements
Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. Accounting Principles – continued

Fund Financial Statements - continued
The District may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The District's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

The emphasis of fund financial statements is on major governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds in a single column, regardless of their fund type. Major funds are those that have assets, liabilities, revenue or expenditures equal to ten percent of their fund-type total. The General Fund is always a major fund. The District may also select other funds it believes should be presented as major funds.

The government reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Landscape Fund: The Landscape Fund is used to account for the proceeds of specific revenue sources that are legally or otherwise restricted to expenditures for landscape purposes.

Measure E Project Fund: The Measure E Fund is used to account for financial resources to be used for the acquisition or construction of capital facilities.

Measure E Debt Service Fund: The Measure E Debt Service Fund is used to account for financial resources to be used to pay the annual borrowing costs of long-term debt.

Other Governmental Funds are comprised of several non-major funds that include funds for separate smaller landscaping districts not included in the main Lighting and Landscape Fund, funds reserved for specific capital acquisitions and other miscellaneous fund balances.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. Accounting Principles - continued

Fund Financial Statements - continued

(c) Use of Estimates:

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures/expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

D. Budget and Budgetary Accounting

During the month of April, the District staff prepares an annual budget. The full Board is presented the budget in May to be adopted in June as a preliminary budget and as a final budget by the last meeting in July. The preliminary budget is published in a newspaper thirty days prior to acceptance as a final budget.

Budget amounts in the combined financial statements reflect the annual budget and revisions approved during the year. Budgets are based upon the District's estimate of expenditures for each year and their proposed means of financing.

Expenditures are controlled on the major object level within the Funds. Any amendments of appropriations are approved by the Board. Budgeted amounts are reported as amended. All appropriations lapse at year-end. General fund expenditures exceeded appropriations (budget) in the amount of $639,428. General fund revenues exceeded budgeted amounts by $1,257,475.

E. Cash and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation.

The District participates in the Contra Costa County Treasury. Contra Costa County (the County) pools its funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. Cash and Investments - continued

Furthermore, the County Treasurer has a written investment policy, approved by the Board of Supervisors, which is more restrictive than state code as to terms of maturity and type of investment. Also, the County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134.

F. Prepaid Items

The District has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period.

G. Capital Assets

Capital assets are those purchased or acquired with an original cost of $5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Asset Class	Estimated Useful Life in Years
Land	N/A
Land improvements	20
Building and structures	50
Portable classrooms	25
Kitchen equipment	15
Copiers	5
Musical instruments	10
Vehicles	5
Grounds equipment	5

H. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

H. Deferred Revenue – continued

Deferred revenue consists primarily of class registration fees and senior trip funds received during the current year for programs or trips to be conducted subsequent to June 30, 2013. As of June 30, 2013, the deferred revenue balance was $445,622.

I. Compensated Absences

The District grants employees vacation and sick leave in varying amounts. In the event of retirement or termination, an employee is reimbursed at full salary rates for accumulated vacation days and at one-quarter of salary rates for sick leave days in excess of 30 days. The current portion of accumulated vacation and sick leave is recognized in the general fund. All compensated absences are accrued when incurred in the government-wide financial statements.

As of June 30, 2013, the liability for accrued vacation, administrative and compensatory time-off leave was $257,666. This liability is paid from funds related to the accrued personnel costs.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Premiums, discounts and issuance costs are deferred and amortized over the life of the debt using the effective-interest method.

In the fund financial statements, governmental funds recognize premiums, discounts and issuance costs during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses. Designations for the ending fund balance indicate tentative plans for financial resource utilization in a future period.

K. Restricted Cash

Restricted cash represents assets either held by bond trustees or the District, which are governed by a trust indenture specifying their uses. These assets all relate to various debt issuances.

L. Revenue Limit/Property Tax

The County is responsible for assessing, collecting, and apportioning property taxes on behalf of the District. Taxes are levied for each fiscal year on taxable real and personal property in the County. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

L. Revenue Limit /Property Tax - continued

are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on January 1 and become delinquent if unpaid by August 31.

The County apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

M. Inter-fund Transactions

Inter-fund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as inter-fund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when a fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement.

All other inter-fund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

M. Implementation of New Accounting Principles

The District adopted the provisions of GASB Statement No. 63 (GASB 63), *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* GASB 63 provides financial reporting guidance for deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. It also identifies net position as the residual of all other elements presented in a statement of financial position, or the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. As implied above, GASB 63 changes the previous classification of net assets to net position, and consequently, the statement of net assets to the statement of net position. The District had no deferred inflows or outflows of resources as of June 30, 2013.

NOTE 2: CASH AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent possible pursuant to the District Board Approved Investment Policy and Guidelines and State Government Code. Cash on deposit as of June 30, 2013, amounted to $11,058,934 and was deposited

NOTE 2: CASH AND INVESTMENTS – continued

in the following depositories:

Deposits and Investments	Carrying Amount	Market Value	Investment Risk
Cash in County Treasury	$ 1,755,539	$ 1,755,539	AA
Cash in bank	295,133	295,133	N/A
Cash with fiscal agent (restricted)	215,189	215,189	N/A
Investments in LAIF (includes rest.)	8,793,073	8,793,073	Not Rated
Total cash and Investments	$ 11,058,934	$ 11,058,934	

A. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for deposits and investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

California Law requires banks and savings and loan associations to pledge government securities with a market value of 110% of the District's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in the District's name and places the District ahead of general creditors of the institution.

B. Investments

The District's investments are carried at fair value instead of cost, as required by U.S. generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end if material, and it includes the effects of these adjustments in income for that fiscal year.

The District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment

NOTE 2: CASH AND INVESTMENTS – continued

B. Investments - continued

in this pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The management of the State of California Pooled Money Investment Account has indicated to the District that as of June 30, 2013 the carrying amount of the pool was $58,828,474,533 and the estimated market value of the pool (including accrued interest) was $58,852,094,221. The District's proportionate share of that value is $9,166,274. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes, totaling $800,000,000 and asset-backed securities totaling $1,297,405,000. LAIF's (and the District's) exposure to risk (credit, market or legal) is not currently available.

The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on the amortized cost basis. Funds are accessible and transferable to the master account with twenty-four hours notice. Financial statements for LAIF can be obtained from the California State Treasurer's Office: State Treasurer's Office, 915 Capitol Mall, Suite 110, Sacramento, CA 95814.

C. Restricted and Designated Cash and Equivalents

The District segregates certain cash and equivalents that have legal or Board of Directors' designated restrictions as to their uses. The District is required under the terms of certain long-term debt covenants to segregate and maintain $215,189 restricted for debt service and $7,850,606 restricted for Measure E capital projects as of June 30, 2013.

NOTE 3: CAPITAL ASSETS

An analysis of fixed assets at June 30, 2013, is as follows:

Governmental Activities	Balance 6/30/12	Increase	Decrease	Adjustments	Balance 6/30/13
Capital assets, not being depreciated:					
Land	$ 6,638,913	$ -	$ -	$ -	$ 6,638,913
Construction in progress	12,041,139	9,967,590	-	(14,081,181)	7,927,548
Total capital assets, not being depreciated	18,680,052	9,967,590	-	(14,081,181)	14,566,461
Capital assets, being depreciated:					
Land and park improvements	5,647,363	-	-	184,148	5,831,511
Building and structure	1,899,097	-	-	13,897,033	15,796,130
Swimming pool	1,585,804	-	-	-	1,585,804
Furniture and equipment	940,849	465,264	-	-	1,406,113
Total capital assets, being depreciated	10,073,113	465,264	-	14,081,181	24,619,558
Less accumulated depreciation:					
Land and park improvements	(4,584,913)	(108,643)	-	-	(4,693,556)
Building and structure	(842,056)	(327,438)	-	-	(1,169,494)
Swimming pool	(814,518)	(27,921)	-	-	(842,439)
Furniture and equipment	(824,234)	(117,001)	-	-	(941,235)
Total accumulated depreciation	(7,065,721)	(581,003)	-	-	(7,646,724)
Total capital assets being depreciated – net	3,007,392	(115,739)	-	14,081,181	16,972,834
Capital assets – net	$ 21,687,444	$ 9,851,851	$ -	$ -	$ 31,539,295

All depreciation expense was charged to the parks & recreation function.

NOTE 4: LONG-TERM DEBT

A. Change in Long-Term Debt

The following is a summary of changes in long-term debt as of June 30, 2013:

	6/30/12	Additions	Retirements	6/30/13	Current
Certificates of Participation	$ 2,305,000	$ -	$ 90,000	$ 2,215,000	$ 95,000
General obligation	28,000,000	-	575,000	27,425,000	230,000
Issuance/premiums, net	(79,110)	3,153	-	(75,957)	-
Loan payable	-	300,000	-	300,000	37,696
Compensated absences	236,462	21,204	-	257,666	-
Total	$ 30,462,352	$ 324,357	$ 665,000	$ 30,121,709	$ 362,696

NOTE 4: LONG-TERM DEBT – continued

B. Certificates of Participation ("COP")

1998 COP

The District issued certificates of participation in January of 1998 to finance the acquisition of Pleasant Oaks Park. The total amount of the issue was $1,895,000 with an average interest rate of 5.56%. The certificates mature through 2027 as follows:

Year Ending June 30	Principal	Interest	Debt Service
2014	$ 60,000	$69,885	$ 129,885
2015	65,000	66,555	131,555
2016	70,000	62,948	132,948
2017	70,000	59,063	129,063
2018	75,000	55,125	130,125
2019-2024	450,000	194,062	644,062
2025-2027	455,000	53,017	508,017
Total Debt Service	$ 1,245,000	$ 560,655	$ 1,805,655

2000 COP

The District entered into a purchase agreement with the City of Pleasant Hill for 2.25 acres of land beneath and surrounding the community center. The purchase price was $953,000, including a promissory note in the amount of $650,000. The note was refinanced in May 2000 with Certificates of Participation in the amount of $1,285,000. The additional money was used for repairs and upgrades to the community center. The note will be amortized over 30 years at a simple interest rate of 5.80% with monthly installments commencing May 1, 2000. Annual principal and interest amount through 2030 are as follows:

Year Ending June 30	Principal	Interest	Debt Service
2014	$ 35,000	$55,245	$ 90,245
2015	35,000	53,215	88,215
2016	40,000	51,040	91,040
2017	40,000	48,720	88,720
2018	45,000	46,255	91,255
2019-2023	260,000	189,080	449,080
2023-2028	350,000	101,500	451,500
2028-2029	165,000	9,715	174,715
Total Debt Service	$ 970,000	$ 554,770	$ 1,524,770

NOTE 4: LONG-TERM DEBT – continued

C. Measure E General Obligation Bond

The District issued general obligation bonds in August of 2009 to finance the acquisition, expansion and improvement of District facilities. Measure E was authorized by an election of registered voters of the District. The total amount of the issue was $20,000,000 with an average interest rate of 4.78%.

The Series A certificates mature through 2041 as follows:

Year Ending June 30	Principal	Interest	Debt Service
2014	$ 180,000	$ 888,025	$1,068,025
2015	405,000	880,825	1,285,825
2016	420,000	864,625	1,284,625
2017	435,000	852,025	1,287,025
2018	445,000	838,975	1,283,975
2019-2023	2,455,000	3,968,550	6,423,550
2023-2027	2,995,000	3,437,100	6,432,100
2028-2032	3,785,000	2,633,635	6,418,635
2033-2037	4,805,000	1,617,010	6,422,010
2038-2042	3,500,000	355,750	3,855,750
Total	$ 19,425,000	$ 16,336,520	$ 35,761,520

The Series B certificates mature through 2042 as follows:

Year Ending June 30	Principal	Interest	Debt Service
2014	$ 125,000	$ 172,755	$ 297,755
2015	50,000	341,760	391,760
2016	90,000	340,260	430,260
2017	125,000	337,560	462,560
2018	160,000	333,810	493,810
2019	165,000	327,410	492,410
2019-2023	955,000	1,531,250	2,486,250
2024-2028	1,200,000	1,287,550	2,487,550
2029-2033	1,470,000	964,850	2,434,850
2034-2038	1,840,000	623,870	2,463,870
2039-2042	1,820,000	197,626	2,017,626
Total	$ 8,000,000	$ 6,458,701	$ 14,458,701

NOTE 5: INTER-FUND RECEIVABLES AND PAYABLES

Current inter-fund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2013, inter-fund balances comprised the following:

Fund	Inter-fund Receivable	Inter-fund Payable
General fund	$ 585,140	$ -
Measure E	65,408	-
Special revenue funds:		
Parkland	44,317	-
Reserves	-	-
Maintenance	-	72,803
Landscape	-	622,062
Total inter-fund receivable/payable	$ 694,865	$ 694,865

NOTE 6: DEFINED BENEFIT PENSION PLAN

Plan Description

The District contributes to the California Public Employees' Retirement System (PERS); an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and District ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The District makes 2.75% of the contributions required of District employees on their behalf and for their account and the employees contribute the remainder. The District is required to contribute at an actuarially determined rate; the current rate is 12.571% for employees of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by PERS.

Annual Pension Cost

For 2013, the District's annual pension cost of $270,967 for PERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method. A summary of principle assumptions and methods used to determine the Annual Required Contribution (ARC) is shown below.

NOTE 6: DEFINED BENEFIT PENSION PLAN

Actual Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	18 Years as of the Valuation Date
Asset Valuation Method	15-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.75% (net of administrative expense)
Projected Salary Increase	3.55% to 14.45% depending on age, service and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assured annual inflation component of 3.0% and an annual production growth of 0.25%

Three-Year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC)	APC Contributed	Net Pension Obligation+
6/30/2011	$ 362,993	100%	$ -
6/30/2012	$ 314,823	100%	$ -
6/30/2013	$ 270,967	100%	$ -

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll:

Valuation Date	(A) Accrued Liabilities (AL)	(B) Actuarial Value of Assets (AVA)	(C) Unfunded Liabilities (UL)	(D) Funded Ratio (AVA/AL)	(E) Annual Covered Payroll	(F) UL as of % of Payroll
6/30/2011	$ 11,301,215	$ 9,700,314	$ 1,600,901	85.8%	$ 2,402,525	66.63%

NOTE 7: RISK MANAGEMENT

The District manages risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters by participating in the public entity risk pools described below.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the District's responsibility.

The District is a member of a program through which certain specified and limited self-insured general liability, property loss and automobile liability are administered by the California Association for Park and Recreation Insurance (CAPRI) and shared by its participating members.

Complete audited financial statements for CAPRI can be obtained from CAPRI's office at 6341 Auburn Boulevard, Suite A, Citrus Heights, CA 95621.

CAPRI provides comprehensive general liability coverage with a $10,000,000 limit per occurrence for personal injury and property damage to which the coverage applies. There is no deductible to the District.

CAPRI also provides public officials and employee liability coverage with a $10,000,000 annual aggregate limit per member district because of a wrongful act(s) which occurs during the coverage period for which the coverage applies. There is a $25,000 deductible for any covered claim for wrongful termination payable by the District.

All-Risk Property Loss coverage including Boiler & Machinery coverage is subject to a $2,000 deductible per occurrence payable by the District.

CAPRI provides flood and earthquake coverage with an annual aggregate limit of $5,000,000 for all the member districts. The deductible for all loss or damage arising from the risks of flood and/or earthquake is $50,000 per occurrence or 5% of the value of the building, contents, and/or structure damaged, whichever is greater.

NOTE 8: CONTINGENCIES

The District is involved in various claims and litigation arising in the ordinary course of business. District management, based upon the opinion of legal counsel, is of the opinion that the ultimate resolution of such matters will not have a materially adverse effect on the District's financial position or results of operations.

NOTE 9: PART-TIME AND SEASONAL EMPLOYEE RETIREMENT PLAN

The District uses a FICA alternative (457) plan for the District's seasonal and part-time employees. This plan satisfies the requirements of Internal Revenue Code Section 3121, which requires the District to either include these employees under the Social Security System or a qualified pension plan. The District contributed $18,949 during the year ended June 30, 2013.

NOTE 10: DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time and permanent part-time employees, permits them to defer a portion of their salary until future years. Under this plan, participants are not taxed on the deferred portion of the compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the District's property, are not managed by the District and are not subject to claims by general creditors of the District, they have been excluded from these financial statements.

NOTE 11: NET POSITION AND FUND BALANCES

GASB Statement No. 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis. GASB 63 changed this terminology to "Net Position".

A. Net Position

Net position is the excess of all the District's assets over all its liabilities, regardless of fund. Net position is divided into three captions under GASB Statement No. 34. These captions apply only to net assets, which is determined only at the Government-wide level, and are described below:

Invested in Capital, net of related debt describes the portion of net assets that is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

NOTE 11: NET POSITION AND FUND BALANCES – continued

A. Net position - continued

Restricted describes the portion of net assets that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions that the District cannot unilaterally alter. These include amounts for debt service requirements.

Unrestricted describes the portion of net assets that is not restricted to use.

B. Fund Equity

The accompanying financial statements reflect certain changes that have been made with respect to the reporting of the components of fund balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance. Due to the implementation of GASB Statement No. 54, the components of the fund balances of governmental funds now reflect the component classifications described below. In the fund financial statements, governmental fund balances are reported in the following classifications:

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level of decision making authority. The Board of Directors serves as the District's highest level of decision-making authority and has the authority to establish, modify or rescind a fund balance commitment via minutes action.

Assigned fund balance includes amounts intended to be used by the District for specific purposes, subject to change, as established either directly by the Board of Directors or by management officials to whom assignment authority has been delegated by the Board of Directors.

Unassigned fund balance is the residual classification that includes spendable amounts in the General Fund that are available for any purpose.

NOTE 11: NET POSITION AND FUND BALANCES – continued

B. Fund Equity - continued

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the District's policy specifies that restricted revenues will be applied first. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the District's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

NOTE 12: TRANSFERS

Transactions which constitute reimbursement of a fund for expenditures initially made from that fund, which are properly attributable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of the expenditures in the fund that is reimbursed. The funds below were combined with the general fund in previous years. The following schedule summarizes the transfers in and out for the fiscal year ended June 30, 2013:

	Transfers In	Transfers Out
Major Funds:		
General fund	$ 200,000	$ 28,357
Other funds	28,357	200,000
Totals	$ 228,357	$ 228,357

NOTE 13: SUBSEQUENT EVENTS

Subsequent events were reviewed through December 23, 2013,

The District passed a resolution dated Jun 13, 2013 to re-finance two existing Certificates of Participation (COP's) Long Term Loans originally issued in 1998 and 2000. The purpose of this re-finance is to achieve a loan interest rate savings for the remaining loan repayment periods. On Aug 2, 2013 a private loan placement was achieved that resulted in annual savings in loan payments in excess of $15,000 per year.

The original COP's were issued with 30 year repayment schedules. The new loan was issued with a repayment schedule that utilizes the remaining time period from the original 30 year loan issuance for repayment. No additional principal was borrowed in this re-financing transaction.

PLEASANT HILL RECREATION AND PARK DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive
Revenues				
Property taxes	$ 2,498,000	$ 2,419,400	$ 3,472,245	$ 1,052,845
Non-recreation	270,000	314,500	460,935	146,435
Senior citizens	394,650	325,250	352,609	27,359
Winslow center	38,000	30,000	27,283	(2,717)
Community center rental	-	-	-	-
Adult activities	192,000	177,000	174,124	(2,876)
Athletics & teens	570,500	552,700	577,636	24,936
Preschool, youth, & special	486,850	441,600	448,106	6,506
Child care	320,000	305,000	284,874	(20,126)
Aquatics	346,500	344,050	366,332	22,282
Interest	-	-	2,828	2,828
Total Revenues	5,116,500	4,909,500	6,166,972	1,257,472
Expenditures				
Administration	345,180	322,690	322,907	(217)
Recreation	320,990	326,340	331,022	(4,682)
Senior citizens	712,540	633,570	626,431	7,139
Winslow center	55,960	53,460	52,728	732
Community center rental	167,370	169,120	176,849	(7,729)
Adult activities	158,880	139,630	140,508	(878)
Athletics & teens	638,390	636,700	636,231	469
Preschool, youth, & special	379,080	359,890	342,602	17,288
Child care	240,470	243,740	256,781	(13,041)
Aquatics	623,040	633,920	633,969	(49)
Communications	212,810	204,640	195,232	9,408
Parks	1,201,430	1,122,760	1,119,812	2,948
Maintenance	299,470	298,020	306,121	(8,101)
Capital outlay	83,000	61,950	737,185	(675,235)
Debt service:				
Principal	104,300	104,300	90,000	14,300
Interest	146,900	146,900	128,680	18,220
Total Expenditures	5,689,810	5,457,630	6,097,058	(639,428)
Excess (Deficit) of Revenues Over (Under) Expenditures	(573,310)	(548,130)	69,914	1,896,900
Other Financing Sources (Uses)				
Issuance of debt	-	-	300,000	(300,000)
Proceeds from fixed asset sale	-	-	350,323	(350,323)
Transfers in	-	-	200,000	(200,000)
Transfers out	-	-	(28,357)	28,357
Total Other Financing Sources (Uses)	-	-	821,966	(171,643)
Net change in Fund Balances	$ (573,310)	$ (548,130)	891,880	$ 1,725,257
Fund Balances, beginning of period			185,735	
Fund Balances, end of period			$ 1,077,615	